

“Rural America is On the Go” U.S. Cellular Position Paper

Executive Summary

Wireless networks will be crucial to the economic development of rural America. However, rural wireless carriers, such as U.S. Cellular, can only construct those networks with appropriate and fair regulatory policies.

The FCC is now considering "intercarrier compensation," which is how telecom companies pay each other for carrying each other's traffic and completing calls begun on other carriers' networks. There have been various proposals made to the Commission to reform intercarrier compensation, with perhaps the most detailed being that of the Intercarrier Compensation Forum ("ICF"). However, thus far the rural wireless perspective has been largely absent from the discussion. The needs of rural wireless carriers and their customers are not the same as those of rural wireline carriers. U.S. Cellular believes that, in considering intercarrier compensation issues, the FCC should be guided by the following principles:

1. The new system should be rational, clear and relatively easy to administer. Only a system based on "bill and keep" principles will meet that fundamental requirement. As a general principle, telecom carriers and their customers should bear their own costs of transporting calls to other carriers, with appropriate cost-based payments to intermediate "transport" carriers.
2. If a policy decision is made to recognize the "rural difference," that policy should benefit rural wireless as well as wireline carriers. The ICF proposals, for example, provide favored treatment to urban wireless and rural wireline carriers, but disadvantage rural wireless carriers through their proposed compensation systems and a new, wireline-only universal service fund.
3. Rural wireless carriers should not be forced by the new compensation system into an archaic wireline regulatory structure, with its small local calling areas and multiple "rate centers." A bill and keep approach will preserve competitive neutrality with respect to the variously defined service areas of different types of carriers, and will thus serve the interest of rural wireless customers. Any new intercarrier compensation system should not be premised on the need to ensure that rural local exchange carriers will always be guaranteed the same "rate of return" in perpetuity.

What is most crucial is that the FCC keep the focus on what will benefit customers, not legacy carriers.